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7 May 1982
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MEMORANDUM FOR: Chairman, National Intelligence Council

SUBJECT : Next Phase in the Falklands: Argentina Seeks to Corner Thatcher Into a Cease-fire in Place.

1. Domestic and international reactions to the sinking of the Belgrano and the Sheffield have tilted the odds in the political/diplomatic contest in favor of Argentina and exposed the British Government to potentially formidable pressures for an unconditional cease-fire in place. These trends will place the U.S. in the awkward position of having to choose between Argentine proposals in the UN Security Council (and perhaps the General Assembly) for an immediate cessation of hostilities and support for Britain's insistence that an Argentine agreement to withdraw from the Falklands is the irreducible precondition for a cease-fire. The Argentines apparently now intend to concentrate their diplomacy on promoting a Security Council resolution calling for an immediate cease-fire and deferring all other substantive issues until later negotiations under UN aegis. Argentine officials have publicly declared that no substantive points, including a troop withdrawal, can be negotiated until Britain agrees to a cease-fire. Foreign Secretary Pym has categorically ruled out a cease-fire until Argentina agrees to withdraw.

2. The Argentine junta has confounded British calculations by demonstrating far greater domestic strength and staying power than London had anticipated. The junta's performance has invalidated the keystone of Thatcher's strategy—that a combination of diplomatic pressure and military setbacks would either force Buenos Aires to capitulate or bring the junta down. The expectation of the British (as well as of the Peronists) that public support for Galtieri's policy would erode rapidly after initial British military successes has been proven to be groundless. The British overestimated their ability to exploit the growing public opposition to the junta and underestimated its capacity to resist Britain's coercive diplomacy.

3. British assumptions were reflected in a statement on 13 April by senior members of the Conservative Party: "For the moment, we will have to hope that the approach of the fleet concentrates the minds of the generals in Buenos Aires and produces some concessions that will make a settlement possible." On the day after London announced its total sea and air blockade, Thatcher told parliament that "The key to peace is in the hands of the Argentine government," and she bluntly rejected Labor Party demands that she seek a solution in the UN or the International Court of Justice. After the sinking of the Belgrano and the initial air attacks on Falkland airstrips, Foreign Secretary Pym confidently declared that Britain would maintain military pressure to "force a withdrawal and compel negotiations over sovereignty." He added that "I don't mind what happens to the Argentine government, whether they fall or they change two or three times."

4. The loss of the Sheffield produced an abrupt change in British rhetoric. Expressions of resolve to "put the screws on the Argentines" gave way to assurances that the government wants a diplomatic settlement as soon as possible. Pym referred to a UN trusteeship as a potentially "highly suitable" long-term solution if a cease-fire and Argentine withdrawal could first be negotiated. A Thatcher

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spokesman said that Britain would limit military actions to enforcing the 200-mile exclusion zone while diplomatic efforts continue. Even before the shock of Sheffield's loss, the Economist of 1 May observed that the British public was "eager for a 'spectators' war' in which clear principles must be upheld, but not if it means anybody getting hurt."

5. In addition to the crumbling bipartisan support for Thatcher's bold strategy and the growing public disillusionment sharpened by the Sheffield incident, Thatcher must contend with restiveness among her European allies evident in calls by Ireland, France and West Germany for an immediate cease-fire.

6. If the junta gives Foreign Minister Costa Mendez sufficient latitude to exploit this disenchantment with Thatcher's policy, the Argentine concept of an unconditional cease-fire in place will not only place Thatcher in a difficult dilemma but open new possibilities for consolidating Argentine sovereignty over the islands as an accomplished fact. A UN Security Council resolution calling for an immediate cease-fire and postponing a mutual withdrawal of Argentine and British forces and the sovereignty issue for later negotiations would go far toward confirming an Argentine victory. Thatcher had sound reasons for warning parliament on 6 May that Argentina could use a cease-fire to re-supply and reinforce its garrison and that "it may be very likely" that Buenos Aires is using the UN to gain a cease-fire without being forced to withdraw.

7. The Argentines almost certainly believe that pressing for an immediate and unconditional cease-fire will afford the most effective means of forestalling a major British landing on the islands in the next two weeks, and of opening urgently needed ways to resupply their garrison, perhaps by using commercial vessels of various kinds. They also probably intend to keep their naval task forces close to the mainland so as to oblige the British to go well outside the exclusion zone to conduct further attacks by submarines, surface units, or aircraft. Having observed the reservations expressed in Britain and Western Europe about the attack on the Belgrano outside the zone, the Argentines would anticipate that further British initiatives of this kind will draw even stronger negative reactions.

8. Argentine strategy, in sum, is elegant in its simplicity: encourage UN involvement, press for an unconditional cease-fire in place, and throw the burden exclusively on the British for any escalation of hostilities. Thatcher's remarks in parliament on 6 May manifest her awareness that Britain will have no plausible options for countering the Argentine design other than to rely on firm U.S. support for her refusal to consider a cease-fire if it is not accompanied by an Argentine agreement to withdraw from the islands.

9. If the U.S. is perceived to be wavering, Thatcher might be cornered into audacious military actions in a last-ditch attempt to force an Argentine capitulation or the overthrow of the junta. Military options would include submarine attacks on major Argentine naval units, especially the aircraft carrier; a major assault on the Falklands using amphibious and helicopter operations; a blockade of all Argentine ports to halt exports; and air strikes against airfields and ports on the mainland. In view of the junta's success so far in maintaining public support and morale, any of these high-risk military options probably would

be highly counterproductive. They almost certainly would trigger a rush in the UN Security Council to vote an immediate cease-fire resolution that could be blocked only by a British veto. If the U.S. were to abstain, Thatcher's position would become untenable and she would be forced to resign. On the other hand, U.S. support for a British veto might not be enough to avert a serious political crisis in Britain that would eventually bring Thatcher down.

10. If the British government comes to believe that the Argentines will be successful in attracting majority support for an unconditional cease-fire in the Security Council, Thatcher may decide that the only alternative to a British veto would be a joint U.S.-British proposal that would in effect accept an immediate cease-fire but link it, however ambiguously, to a later mutual withdrawal of forces, together with a UN role in an interim administration of the islands. If the Argentines could be persuaded to accept a mutual withdrawal formula that allowed them to claim that their sovereignty over the islands remained intact, this might temporarily salvage Thatcher's position, but it would not disguise the fact that her policy had failed, and she probably would be replaced within a few months.

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